



**Department of Justice
U.S. Attorney's Office
Southern District of Texas**

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FOR IMMEDIATE RELEASE
MAY 9, 2006
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**FORMER BANK DIRECTOR CONVICTED OF
MISAPPLICATION OF BANK FUNDS**

HOUSTON, TX – Jerry L. Gurley, the former Executive Vice President and Chief Lending Officer and a member of the Board of Directors of Central Bank, was convicted of eleven counts of misapplication of bank funds by a bank officer on Monday, May 8, 2006, United States Attorney Don DeGabrielle announced today.

At a hearing before United States District Judge Lynn N. Hughes, Gurley pleaded guilty to each count of an eleven-count criminal information filed on April 14, 2006. At this morning's hearing, Gurley admitted that between May 2001 and September 2003, while employed as an officer and director of Central Bank, a federally insured financial institution in Houston, Texas, he misapplied and converted to his own use proceeds of loans from Central Bank to various borrowers. The evidence proved and Gurley conceded he had created an assumed business name for himself, CBMB & Associates, placed false invoices for "fees" in Central Bank's loan files, authorized the disbursement of loan proceeds to CBMB, and negotiated and deposited into bank accounts on which he was the sole signatory on the checks representing these "fees," thereby misapplying and converting the Bank's funds to his personal benefit. Each of the eleven counts of the criminal information accused Gurley of embezzling loan proceeds in sums ranging from as little as \$3,390 to as much as \$72,000.

Each of the eleven counts of conviction carries a maximum prison term of 30 years and a \$1.0 million fine. Judge Hughes set sentencing for June 12, 2006.

As part of his agreement with the United States, Gurley entered into and executed a Stipulation and Consent to the Issuance of an Order of Prohibition From Further Participation with the Federal Deposit Insurance Corporation pursuant to section 8(e) of the Federal Deposit Insurance Act, 12 U.S.C. 1818(e), which effectively precludes Gurley's further employment with any financial institution insured by the FDIC,

The case was investigated by the Federal Deposit Insurance Corporation - Office of Inspector General, with the assistance of the Federal Bureau of Investigation, and is being prosecuted by Assistant United States Attorney Mary Jane Harmon.

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